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SUBJECT: UKRAINE: COALITION TEETERING

REF: A. KYIV 00960

¶B. KYIV 01087

Classified By: Ambassador for reasons 1.4(b,d).

¶1. (C) Summary. The June 6 announcement by two relatively unknown MPs -- one from BYuT and one from OU-PSD -- that they are withdrawing from the coalition leaves the coalition in an unclear legal status and without enough votes to push through legislation. BYuT and OU-PSD faction leaders, as well as President Yushchenko, have sought to calm the waters by arguing that only factions can withdraw from the coalition and therefore the coalition remains intact, but contradictory articles in the constitution and Rada rules and the question of whether OU-PSD MP Ivan Plyushch is actually a member of the coalition leave the situation unclear. If they adhere to Rada rules, the coalition cannot be formally terminated until Speaker Yatsenyuk announces it at a plenary session -- the next plenary is scheduled for June 17. In the meantime, all sides are negotiating -- the two coalition factions are holed up in emergency meetings and Regions has announced its readiness to discuss a new coalition. Although the rules are vague, it seems that the collapse of the coalition would not lead to the resignation of the Cabinet, allowing the Tymoshenko government to continue working unless the Rada actively chooses to remove it through a vote.

2.(C) Comment. We do not know what prompted the two MPs to leave at this juncture, although many are suggesting bribes and political pressure brought to bear in an attempt to collapse the coalition. Ihor Rybakov, a young MP who joined the Rada in 2006, told the press that he had discovered corruption within high levels of the government and that he found he could no longer represent that political force. However, deputy head of BYuT Kozhemyakin told the press that Rybakov has ties to Presidential Chief of Staff Baloha and probably accepted money for his defection. As described in reftels, Baloha has advocated for a situational majority or broad coalition, and he warned the Ambassador on June 3 that the coalition was nearing the point of no return. However, it is equally possible that Regions was behind the two MPs' defection -- the faction bribed MPs to switch sides in March 2007 and it is to their benefit to stir up trouble within the coalition. The question now is whether the coalition can hold together and walk this situation back. If not, talks between Regions and OU-PSD may begin in earnest, but doubts will linger as to whether a majority in OU-PSD would support cooperation with Regions. In addition, many players still seem reluctant to go to new elections, suggesting that they may try to work out a solution that does not include a new vote. End summary and comment.

Coalition Status Shaken by Two MPs

¶3. (C) Speaker Yatsenyuk made the startling announcement from his dais on the morning of June 6 that two MPs had submitted letters of resignation from the coalition. The two MPs in

question, Ihor Rybakov from BYuT and Yuriy But from OU-PSD, are relatively unknown parliamentarians and both fairly new to the Rada. Rybakov told the press that he was a member of an intraparliamentary group called "Contraband - Stop," and that he had discovered corruption at the highest levels of government, so his conscience would not let him remain in the coalition. MP But has not offered any public comment.

However, deputy BYuT faction head Kozhemyakin told the press that Rybakov has been collaborating with Baloha, and several MPs have implied that the two probably made the decision in exchange for money. Our EU contacts told us that they have worked on customs issues with Rybakov, who has business interests in Odesa and may be aspiring to run the State Customs Service.

What the Rules Say

¶4. (C) What happens next is unclear. The Rada rules are focused on a coalition being terminated upon withdrawal by a faction, and this is the argument that MP Oleh Lyashko (BYuT) and former OU MP Refat Chubarov made to us privately, and that Yushchenko, Yatsenyuk and other MPs have made to the press -- that the constitution and Rada rules say that the coalition is made up of factions, not individuals, and therefore only a faction can take a decision to withdraw from the coalition. However, a separate article states that if the number of MPs who remain in the coalition is less than 226, the coalition is considered terminated. Therefore, an important question is how many members of the coalition remain -- 225 or 226. OU-PSD MP Ivan Plyushch refused to sign the coalition agreement in November 2007 and he is not listed as a coalition member on the Rada website. However,

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Our Ukraine's press service told us that they believed Plyushch was a member of the coalition, because he was a member of their faction, an argument others have repeated. So far, Plyushch has remained silent on his status.

¶5. (C) Comment. Interestingly, Baloha and his United Center have made the same argument that the coalition is still intact because neither faction has withdrawn. However, United Center went on to say in a press release that it believed that Tymoshenko benefited from the coalition's collapse, because it allowed her not to be responsible for government mistakes and to call for early Rada elections. United Center also claimed that it was actions by BYuT and PSD that have driven the MPs to resign. Such comments undermine the credibility of their defense of the coalition. End comment.

¶6. (SBU) Another key article from the Rada rules says that the coalition is not formally terminated until the Speaker announces it as such from the Speaker's dais. Yatsenyuk closed the Rada plenary session early for the day, after declaring the coalition was not dead, and the next plenary is not scheduled until June 17, which means that the status of the coalition will probably remain in limbo for at least the next ten days. In the meantime, coalition leaders are seeking to calm tensions and revive the coalition. Yatsenyuk has asked Rybakov and But to reconsider their resignations. Faction leaders have called on Rybakov and But to either recall their letters of resignation from the coalition or to resign from the Rada entirely. Both factions called emergency meetings to discuss the situation. Regions, on the other hand, has announced that the coalition no longer exists and that it is ready to engage in negotiations on forming a new coalition as soon as Yatsenyuk makes his announcement.

Government Seems Safe for now, Elections Unlikely

¶7. (SBU) The constitution and Rada rules do not address what happens to the government in the event of the coalition's termination, which leads us to believe that the Rada must

still actively dismiss Tymoshenko, if that is the goal. However, Regions is already referring to Tymoshenko as "acting PM." The constitution does say that a new coalition should be formed within a month, but since President Yushchenko is constitutionally barred from dismissing the Rada until October 1, it is possible, albeit legally murky, that the Rada could move forward with no official coalition, the scenario Chief of Staff Baloha and his allies have described in the past.

**¶8. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.**

TAYLOR